

Message Text

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12

ACTION EA-10

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01 PRS-01

USIA-06 EUR-12 NIC-01 DLOS-03 COA-01 IO-10 /115 W

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P R 310950Z DEC 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC PRIORITY 3332

INFO USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TIKYO

CINCPAC HONOLULU HI

S E C R E T HONG KONG 14026

NOFORN

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ECON, ENRG, CH

SUBJECT: PRC DRILLS OFFSHORE WELL IN YELLOW SEA

1. NCNA ANNOUNCED DECEMBER 30 THAT THE PRC HAD SUCCESSFULLY DRILLED ITS FIRST "DEEP WATER" WELL IN THE "SOUTHERN PART OF THE YELLOW SEA." THE VESSEL USED, THE "KANTAN (PROSPECTOR) NO. 1," IS DESCRIBED AS BEING WHOLLY CHINESE-DESIGNED AND BUILT IN SHANGHAI BY PIECING TOGETHER AND RESHAPING TWO "HOMEMADE CARGO SHIPS." NCNA HAILS THE SUCCESS OF DRILLING IN "FAIRLY DEEP WATERS" AS A "NEW DEVELOPMENT" OF THE PRC'S MARINE GEOLOGICAL PROSPECTING.

2. PREVIOUS PRC OFFSHORE DRILLING ACTIVITY HAS BEEN CON-
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FINED LARGELY TO THE SHALLOW WATERS OF THE GULF OF

POHAI. DRILLING REPORTEDLY BEGAN IN AUGUST IN THE NORTHERN PART OF THE YELLOW SEA OFF THE PORT OF TSINGTAO (OEL 64,245) -- AGAIN IN SHALLOW WATER. AN AUSTRALIAN COMMISSION OFFICER IN HONG KONG INFORMED US OF POSSIBLE PRC DRILLING ACTIVITY APPROXIMATELY 185 MILES NORTH OF SHANGHAI OFF THE KIANGSU COAST (PRRESUMABLY IN RELATIVELY SHALLOW WATER), WHICH COULD BE DESCRIBED AS BEING IN THE SOUTHER YELLOW SEA.

3. WE HAVE HEARD OF TWO SHANGHAI-BUILT CATAMARAN DRILLING VESSELS. A VISITING US OIL MAN, WHO HAD SEEN PICTURES OF THE RIGS, DESCRIBED THEM AS RESEMBLING THE US RIG, "E.W. THORNTON," AND SAID THEY COULD PROBABLY OPERATE AT A DEPTH OF 600-800 FEET OF WATER.

4. WHEREVER THE DRILLING TOOK PLACE, THE NCNA RELEASE IS AT PAINS TO CONTRAST THE PRC'S "NEW" DEEP WATER CAPABILITY WITH ITS PREVIOUS SHALLOW WATER DRILLING LIMITATIONS. BY HIGHLIGHTING DEEP-WATER CAPABILITY, THE PRC UNDERLINES ITS CLAIM TO AND INTEREST IN EXPLOITING THE OIL RESOURCES ON ITS CONTINENTAL SHELF. IT MAY ALSO BE ATTEMPTING TO CAST DOUBT ON THE CONVENTIONAL WISDOM THAT THE PRC WILL REQUIRE WESTERN (US) TECHNOLOGICAL HELP TO DEVELOP THESE RESOURCES.

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